

Strengthening Organizational Capacity:
Board Governance



Presented by the
Housing Assistance Council

Rural Homelessness Capacity Building Initiative



Housing Assistance Council

Building Rural Communities since 1971

- ❑ Established in 1971
- ❑ National nonprofit organization
- ❑ Created to increase the availability of decent and affordable housing for low-income people in rural areas throughout the U.S.
- ❑ Provide services to local, state, and national organizations



Housing Assistance Council

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Rural Homelessness Capacity Building

The Housing Assistance Council (HAC), in partnership with the National Alliance to End Homelessness, has created the Rural Homelessness Capacity Building initiative to provide rural homeless organizations with the technical assistance, training, information, and financial resources they need to improve their ability to serve homeless populations.



Training Agenda

- Board Basics
- Board Development
- Board Responsibilities
- Board/Staff Relationship
- Board Recruitment & Orientation
- Meeting Management
- Legal Duties & Risk

Nonprofit Board Basics

Basic Elements of a Nonprofit Board

- ❑ Committing to a specific mission, vision, activities and set of values
- ❑ Establishing and accepting board responsibilities
- ❑ Providing financial oversight
- ❑ Understanding legal obligations and minimizing risk



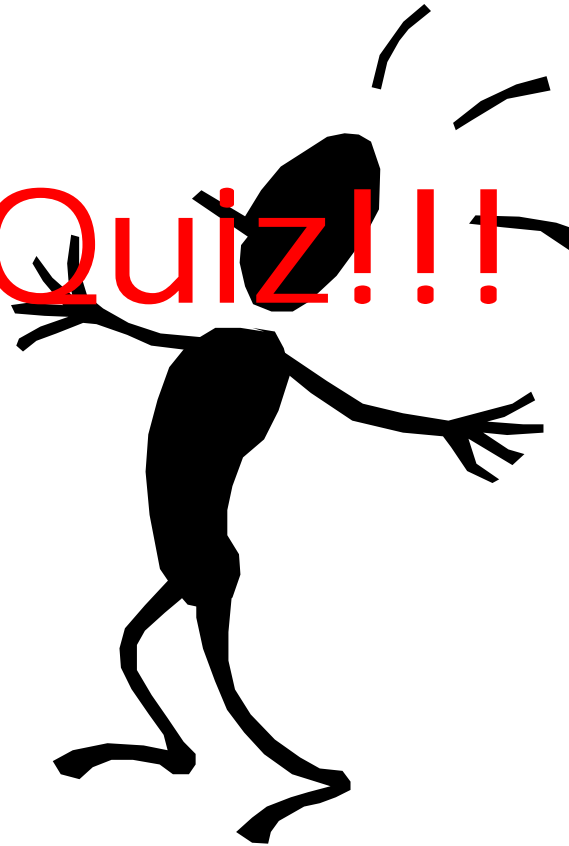
Nonprofit Board Basics

Ten Basic Responsibilities of Nonprofit Boards

1. Determine the organizations' mission and purpose
2. Select the executive staff through an appropriate process
3. Provide ongoing support and guidance for the executive director; review his/her performance
4. Ensure effective organizational planning
5. Ensure adequate resources
6. Manage resources effectively (the buck stops with the board, ultimately)
7. Determine and monitor the organizations' programs and services
8. Enhance the organizations public image
9. Serve as court of appeal
10. Assess its own performance

Nonprofit Board Basics

Pop Quiz!!!



Nonprofit Board Basics

Pop Quiz

1. When was your organization founded?
2. What is your organization's mission statement?
3. How many board members do your organization's bylaws permit?
4. What are your organization's major funding sources?
5. Did your organization prepare an annual audit last fiscal year?
6. If you wanted to include an item for discussion on the agenda of the next board meeting, whom would you contact?
7. What was your organization's last fundraising activity?
8. Do your organization's bylaws provide for indemnification of board members?
9. What are your organization's policies surrounding conflicts of interest?

Board Development

	Coveralls	Shirtsleeve	Blue Suit	Black Tie
Important Board Member Attributes	Lots of time, willingness to work	Willingness to work, planning skills	Planning Skills	Policy Skills
Board's Focus	Organization's Structure and operations	Operations	Governance	Governance
Board's Planning	Day to Day	Day to Day	Long Range	Strategic
Board Composition	Founders	Founders and recruits	Founders and recruits	Recruits and maybe founders
Committee Structure	Works as a whole, possibly with working committees	Work as a whole with one or two committees	Working committees	Oversight and policy-making committees
Board's Fund-Raising Activity	Events	Events, grant seeking	Grant seeking, individual solicitations	Individual and institutional solicitations.
Staff's Role	No staff	Focus on operations	Focus on operations, assist board in defining roles	Focus on operations, serve on the board

Board Responsibilities

- Hire, oversee and manage executive director
- Financial Accountability
- Resource Development (Fundraising, Marketing, Public Relations, Research and Advocacy)
- Plan for the future
- Monitor



Board Responsibilities

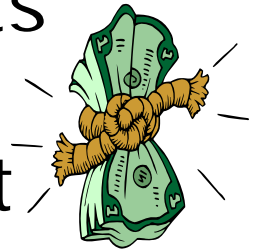
	Coveralls	Shirtsleeve	Blue Suit	Black Tie
Policy Maker	X	XX	XXX	XXXX
Manager	X	XX	N/A	N/A
Planner	XX	XX	XXX	XXXX
Evaluator	X	X	XXX	XXXX
Fund Raiser	X	X	XXX	XXXX
Volunteer	XXXX	XX	N/A	N/A

The number of Xs indicates the relative importance of each role: more Xs = greater importance. N/A = not applicable.

Board Responsibilities

Financial Accountability

- Regularly review financial statements
- Ask Questions
- Board members should demand that financial statements be presented in a format that is understandable
- Develop and implement a financial policy
- Hold staff accountable
- Conduct a financial audit annually
- Use budgets and financial projections as planning tools



Resource Development

- Who is responsible?
- Who should be involved?
- Types of fundraising
 - annual campaigns
 - special events
 - planned giving
 - capital campaigns



Board/Staff Relationships

- Who does the board oversee on the staff?
- Through what means does the board manage the executive director?
- How often should the board evaluate the executive director?
- How are staff grievances handled?
- How should a board member behave when volunteering?



Board Recruitment

At the very least, the type of person who can best serve your organization as a board member should meet both of the following criteria:

1. Be filled with commitment and compassion.
2. Meet an organizational need.

Board Recruitment

Skills, knowledge or experience that prove useful to nonprofit boards:

- Knowing the needs of those the organization serves
- Having technical skills such as finance, accounting, insurance, contracting or event planning
- Having wealth or connections to wealth (political connections)

Board Recruitment

The types of people who often have these skills, knowledge and experience:

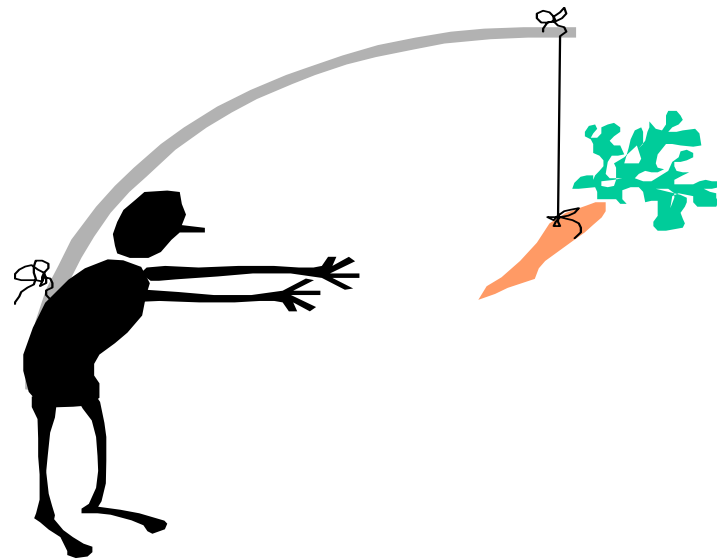
- ❑ Staff or volunteers in other nonprofit organizations
- ❑ Managers from for-profit organizations
- ❑ Ministers
- ❑ Professionals, such as event planners, lawyers, accountants and contractors
- ❑ Bankers
- ❑ People of means (wealthy)
- ❑ Community Representatives
- ❑ Community Activists
- ❑ Program Users

Board Recruitment

Step 1. Decide on Needs

Step 2. Find People

Step 3. Make a Plan



Board Recruitment

- Create a nominating committee
- Assessment
 - skills you have
 - skills you need
 - skills you want
- Create Job Descriptions
 - Customize
- Brainstorm Possibilities
- Set up meetings
 - social setting
- Have slate of proposed members

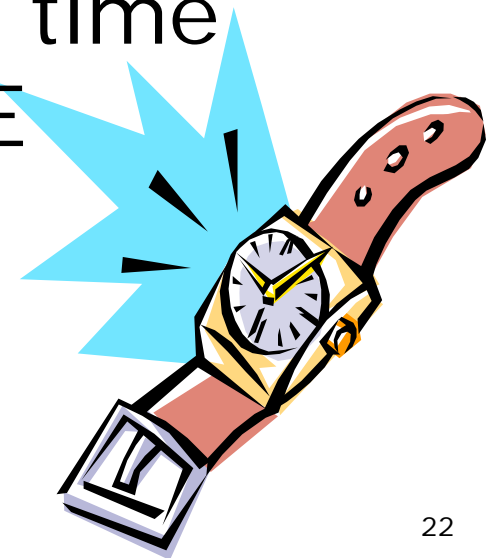
Board Orientation

- ❑ Assign a mentor
- ❑ Invite board member to visit your organization
- ❑ Formal Orientation
- ❑ Board Member Manual



Meeting Management

- Be prepared
 - send out information ahead of time
 - ask questions ahead of time
 - catch up on your own time
- **START AND END ON TIME**
- Focus on the future



Meeting Management

- Create a bin
- Do not discuss day-to-day management
- Use Committees
 - do not redo committee work
 - accept, reject or send back
 - meet only when there is work to be done



Meeting Management

- Executive Committee
- Nominating Committee
- The Finance Committee
- Fund-Raising Committee
- Program Planning Committee
- Personnel Committee
- Volunteer Committee

Legal Duties and Risk

Legal Documents that state the rules that govern when and how the board and corporation operate.

Bylaws: Define how a non-profit organization will be managed and run.

- Should be reviewed by legal counsel
- Should be reviewed by board annually
- Can be changed



Articles of Incorporation: Filed with the Secretary of State to register and incorporate a corporation. It should be stated in the articles that the corporation is organized exclusively for charitable, educational, religious or scientific purposes.

Legal Duties and Risk

- Duty of Care
- Duty of Loyalty
- Duty of Obedience



Protections

- Fiduciary Duties
- Bylaws and Policies
- Training on Legal Issues and Risks
- Training in Federal and State Laws on Immunity

Legal Duties and Risk

Conflict of Interest Policy

Nonprofits should have a written conflict of interest policy. The policy should be applicable to board members and staff, and volunteers who have significant independent decision making authority regarding the resources of the organization. The policy should identify the types of conduct or transactions that raise conflict or interest concerns, should set forth procedures for disclosure or actual potential conflicts, and should provide for review of individual transactions by the uninvolved members of the board of directors.

Legal Duties and Risk

- Board Tenure
- Size of Board
- Advisory Committee
- Committee Members' Relationship to the Board
- Personnel Policies
- Travel Policies
- Financial Management
- Property Inventory

Road Rules!!!

Boards.....

- ❑ **Don't** engage in day to day operations
- ❑ **Don't** hire staff other than the executive director
- ❑ **Don't** make detailed program decisions without consulting staff



Useful Websites

- ❑ boardsource.org
- ❑ compasspoint.org
- ❑ endhomelessness.org
- ❑ enterprisecommunity.org
- ❑ idealist.org
- ❑ lisc.org
- ❑ mapnp.nonprofitoffice.com



www.ruralhome.org